



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. 6503

Introduced by Hon. Jerry E. Perez

AN ACT

GRANTING THE ZAMBOANGA CITY ELECTRIC COOPERATIVE INC., (ZAMCELCO) A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF ZAMBOANGA COMPOSING OF ELEVEN (11) DISTRICTS

Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

EXPLANATORY NOTE

Reliable, accessible, and affordable electricity is the foundation of economic vitality, social development, and public welfare. For a rapidly growing and strategically positioned city like Zamboanga, now one of the major urban, commercial, and logistics centers in Western Mindanao, energy security is inseparable from peace, progress, and long-term competitiveness.

The City's continuing expansion in commerce, fisheries, manufacturing, education, and services requires a distribution utility that is capable not only of providing stable and least-cost electricity, but also of aligning with the country's evolving energy landscape, including the shift toward cleaner and renewable sources of power. This proposed measure responds to that need by granting the Zamboanga City Electric Cooperative, Inc. (ZAMCELCO) a legislative franchise to construct,

install, establish, operate, and maintain an electric power distribution system within its service area.

The measure strengthens the framework for a modern and responsive distribution utility by requiring the grantee to adopt transparent, competitive, and least-cost procurement practices, with a strong emphasis on harnessing renewable and indigenous energy resources. These provisions support national policy directions aimed at promoting energy sustainability, reducing exposure to supply disruptions, and stabilizing long-term electricity prices for consumers.

The bill also promotes local renewable energy development, encouraging Zamboanga-based power producers, community-level generation projects, and energy innovators by ensuring reasonable interconnection, fair access, and constructive cooperation with the distribution utility. These measures will help strengthen the City's energy independence, resilience, and adaptability in the face of rising demand and changing climate conditions.

To ensure accountability and continuous improvement in service standards, the grantee is required to comply with the supervision and regulatory authority of the Energy Regulatory Commission (ERC), the Department of Energy (DOE), and the National Electrification Administration (NEA). Regular reporting to Congress further reinforces transparency and ensures that the delivery of electricity remains aligned with the public interest.

Taken together, the proposed franchise equips ZAMCELCO with a clear mandate and modernized obligations to serve the people of Zamboanga City with reliable, affordable, and sustainable electricity, while empowering consumers and supporting the long-term development goals of the region.

In view of the foregoing, the immediate approval of this measure is earnestly sought.



JERRY E. PEREZ



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Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

SECTION 1. Nature and Scope of Franchise. – Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to Zamboanga City Electric Cooperative (ZAMCELCO), hereunder referred to as the Grantee, its successors or assigns, a franchise to construct, install, establish, manage, operation and maintain a distribution system for the conveyance of electric power to the end-users in the City of Zamboanga

composed of Eleven (11) districts, to wit: **District I:** Ayala, La Paz, Pamucutan, Talisayan, Tulungatung, Baluno, Patalon, Sinubong, Labuan and Limpapa; **District II:** Recodo, Calarian, Malagutay, Sinunuc, Maasin, and Cawit; **District III:** San Jose Cawa-Cawa, San Jose Gusu, Sto. Niño, Baliwasan, Campo Islam and San Roque; **District IV:** Sta. Maria, Pasonanca, Dulian (Upper Pasonanca), Cabatangan and Capisan; **District V:** Zone 1, Zone 2, Zone 3, Zone 4, Rio Hondo, Mariki, Sta. Barbara, Sta. Catalina, Camino Nuevo and Canelar; **District VI:** Talon-Talon, Mampang, Kasanyangan, Tugbungan and Arena Blanco; **District VII:** Tetuan, Guiwan and Putik; **District VIII:** Tumaga, Lunzuran, Lumayang, Divisoria, Zambowood, Lumbangan, Pasobolong, Salaan and Boalan; **District IX:** Mercedes, Culianan, Taluksangay, Talabaan, Busay, Pasilmanta, Landang Gua, Landang Laum, Cabaluay, Lapakan, Guisao, Lanzones, Tolosa and Cacao; **District X:** Manicahan, Taguiti, Calabasa, Lubigan, Victoria, Muti, Tagasilay, Lamisahan, Tigbalabag, Quiniput, Bolong, Buenavista, Bunguiao, Curuan, Sangali, Latuan, Dulian (Upper Bunguiao), Dita, Sibulao and Panubigan; and **District XI:** Mangusu, Vitali, Tictapul, Licombo, Limaong and Tumitus.

As used in this Act, distribution system refers to the system of wires and associated Facilities including sub-transmission lines belonging to a franchised distribution utility extending between the delivery point on the national transmission system or generating facility and the metering point or facility of the end-users.

The Grantee Shall:

- Uphold its commitment to the Protection of Consumer Rights;
- Ensure the efficient and reliable delivery of electric power services; and
- Adhere to competitive market Principles.

SECTION 2. Manner of Operations of Facilities. – All electric distribution facilities, lines and systems for electric services owned constructed, installed, established, operated, and maintained by the Grantee, its successors or assignees, shall be operated and maintained at all times in a superior manner, and it shall be the duty of the Grantee, its successor or assignees, whenever required to do so by the Energy Regulatory Commission (ERC) or its legal successor, or the Department of Energy (DOE) or its legal successor, or any other government agency concerned, to modify, improve, and change the facilities or system in such a manner and to such extent as the progress in science and improvements or innovations in the electric power services may render reasonable and proper. *Provided*, that the

Grantee, its successors, or assignees shall comply with relevant technical standards, rules and regulations of the DOE and ERC.

Whenever practicable and for purpose of maintaining order, safety and aesthetics along the highways, roads, streets, alleys or right-of-way, the Grantee may, allow the use of free spaces in its poles, facilities or right-of-way by interested parties upon the payment of reasonable compensation to the Grantee, considering the costs incurred to accommodate and administer the use of the Grantee's systematic organization of distribution lines, as defined under Republic Act No. 11361 or the "Anti-Obstruction of Power Lines Act", without prejudice to any claim or action it may pursue against utilities or entities sharing its infrastructure, to prevent hazards, maintain the structural integrity of its facilities, and minimize cable cutter. The ERC shall decide in case of dispute or disagreement between the parties concerned.

SECTION 3. Authority of the Energy Regulatory Commission and National Electrification Administration. – The Grantee shall secure from the ERC or NEA or any other government agency which has jurisdiction over the operation of the herein Grantee, the necessary certificate of public convenience and necessity and other appropriate permits and licenses for the construction and operation of its electric distribution system.

SECTION 4. Excavation and Renovation Works. – For the purpose of erecting and maintaining poles and other supports for the wires or other conductors, or for the purpose of laying and maintain underground wires, cables, pipes, or other conductors, the Grantee, its successors or assignees, are authorized to make excavations or lay conduits in any of the public places, highways, roads, streets, lines, alleys, avenues, sidewalks, or bridges of the said province and cities and/or municipalities, subject to prior approval of the Department of Public Works and Highways (DPWH) or the Local Government Unit (LGU) concerned: *Provided*, however, that a public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reasons of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workman like manner at the expenses of the Grantee, its successors or assignees, in accordance with the standards set by the DPWH or the relevant LGU concerned.

Should the Grantee, its successors or assignees, after the ten (10) day notice from the grant of authority, fail, refuse or neglect to repair or replace any part of public place, road, highway, street, lane,

alley, avenue, sidewalk, or bridge that has been disturbed, altered or changed by the said Grantee, its successors or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and replaced in good order and condition and charge the Grantee, its successors or assignees, at double the amount of the costs and expenses for such repair or replacement.

SECTION 5. Responsibility to the Public. – The Grantee shall provide universal service and supply electricity to its captive market in urban and rural portions of its franchise area, including unviable areas, in the least cost manner. In the interest of the public good and as far as feasible and whenever required by the ERC, the Grantee shall modify, improve or change its facilities, poles, lines, systems and equipment for the purpose of providing efficient and reliable service and reduced electricity costs. The Grantee shall only charge reasonable and just power rates for its services to all types of consumers within its franchise area in order that businesses and industries shall be able to compete. The Grantee shall promote and promptly process applications for net metering connections.

The Grantee shall perform such acts as may be reasonably necessary or desirable to promote laws, regulations and policies of the government with respect to the development, utilization and prioritization of indigenous natural, new and renewable energy sources in accordance with Republic Act No. 9136 or the “Electric Power Industry Reform Act of 2001” and Republic Act No. 9513 or the “Renewable Energy Act of 2008”, and avoid acts that may frustrate or hinder the same.

The Grantee shall have the obligation to provide a non-discriminatory access to its distribution system and services for any end-user within its franchise area consistent with Republic Act No. 9136, it shall observe good faith and reasonableness in implementing its contractual rights in its power supply agreements to reduce contract capacity and associated energy by reason of the enforcement of Retail Competition and Open Access (RCOA) under Republic Act No. 9136, as amended, Republic Act No. 9513, and other applicable laws and ensure the supply of electricity to its captive market in the least cost manner. The Grantee and its affiliates as defined under Republic Act No. 9136, as amended, shall not engage in any activity that will constitute an abuse of market position or Anti-Competitive Behavior as defined under Republic Act No. 10667 or the “Philippine Competition Act” such as but not limited to, unfair trade practices, monopolistic schemes and other activities that will hinder competitiveness of business and industries. The Grantee shall

follow the regulations of the DOE and ERC with respect to its procurement of power supply for its captive market. The Grantee shall for the promotion of transparency, competition and protection of consumers' interest, structurally and functionally unbundle its non-regulated business activities from its regulated business activities in accordance with Republic Act No. 9136, as amended. The ERC shall formulate the appropriate guidelines and ensure full compliance with these provisions.

SECTION 6. Rates for Services. – The retail rates and charges for the distribution of electric power by the Grantee to its end-user shall be regulated by and subject to the approval of the ERC or its legal successor.

The Grantee shall identify and segregate in its bill to end-users the components of the retail rate pursuant to Republic Act No. 9136, as amended. Such rates charged by the Grantee to the end-user shall be made public and transparent. The Grantee shall implement a lifeline rate to marginalized end users for as long as it is in effect as mandated under Republic Act No. 9136, as amended.

SECTION 7. Promotion of Consumer Interest. – The herein Grantee shall establish a platform to handle consumer complaints and ensure adequate promotions of consumer interest in accordance with applicable rules and regulations of the ERC and its successors, and other relevant regulatory agencies. The Grantee shall act with dispatch on and resolve all complaints brought before within such period as may be determined by the ERC, in accordance with applicable regulations, and shall ensure that such a platform can be remotely accessed through electronic or digital means.

SECTION 8: Commitment to Provide and Promote the Creation of Employment Opportunities. – The Grantee shall create employment opportunities and shall allow on-the-job training in its franchise operation: *Provided*, That priority shall be accorded to residents where their principal office is located; *Provided further*, that the Grantee shall comply with the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations, and similar issuances.

SECTION 9. Right of the Government. – A special right is hereby reserved to the President of the Philippines in times of war, rebellion, public peril, calamity, emergency and disaster or disturbance of peace and order; to temporarily take over and operate the stations of facilities of the Grantee; to temporary suspend the

operation of any station or facilities of the Grantee; to temporarily suspend the operation of any station or facility in the interest of public safety, security and public welfare; or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the Grantee. For the use of the stations or facilities during the period when this shall be operated.

SECTION 10. Right of Eminent Domain. – Subject to the limitations and procedures prescribed by the law, the Grantee is authorized to exercise the right of eminent domain insofar as it may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of services. The Grantee is authorized to install and maintain its poles, wires and other facilities over, under and across public property, including streets, highways, forest reserves and other similar property of the government of the Philippines, its branches or any of its instrumentalities. The Grantee may acquire such private property as is actually necessary for the realization of the purposes for which this franchise is granted: *Provided*, that proper expropriation proceedings shall have been instituted and just compensation paid.

SECTION 11. Term of Franchise. – Unless sooner cancelled, the franchise shall be in effect for a period of twenty-five (25) years from the effectivity of this act. This franchise shall be deemed ipso facto revoked in the event the Grantee fails to operate continuously for two (2) years.

SECTION 12. Warranty in Favor of National and Local Government. – The Grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, liabilities, demands or actions arising from accidents that cause injury to persons and/or damage to properties, during the construction, installation, operation and maintenance of the distribution system of the Grantee.

SECTION 13. Acceptance and Compliance. – Acceptance of this franchise shall be given in writing to Congress, through the Committee on Legislative Franchise of the House of Representatives and Committee on Public Services of the Senate within sixty (60) days from the effectivity of this Act. Upon such acceptance, the Grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

SECTION 14. Liability for Damages. – The Grantee shall be liable for any injury to persons and/or damage to property arising

from accidents by reason of any defective construction under this franchise or of any neglect or omission to keep its poles and wires in a safe condition.

SECTION 15. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of the Franchise. – The Grantee shall not sell, lease, grant the usufruct of nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation, or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the Grantee, whether as a whole or in part and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. The Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of this franchise of the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the Grantee, within sixty (60) days after the completion of the said transaction: *Provided, that* any such transfer, sale or assignment is in accordance with applicable constitutional limitations. Failure to report to Congress such change of ownership shall render the franchise ipso facto revoked. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions, and limitation of this Act.

SECTION 16. Reportorial Requirement. – The Grantee shall submit an annual report of its finances and operations to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 every year after the effectivity of this Act. The annual report shall include an update on the rollout, development, operation and/or expansion of the business; audited financial statements; latest GIS officially submitted to the SEC (if available or applicable); certification from the ERC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the ERC.

SECTION 17. Fine. – Failure of the Grantee to submit the requisite annual report to Congress shall be penalized by a fine in the amount of Five Hundred Pesos (Php 500.00) per working day of noncompliance. The fine shall be collected by the ERC from the

Grantee separate from the reportorial penalties imposed by the ERC and the same shall be remitted to the Bureau of the Treasury.

SECTION 18. Equality Clause. – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein Grantee: *Provided, however,* that the foregoing shall neither apply to nor affect provisions concerning territorial coverage, the life span of the franchise or the type of service authorized by the franchised; *Provided further,* that the foregoing shall not apply to the sale, lease transfer, grant of usufruct, or assignment of legislative franchises with prior congressional approval.

SECTION 19. Applicability Clause. – The Grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, or the “Public Service Act” as amended; Republic Act No. 9136, as amended; Republic Act No. 9513, or the “Renewable Energy Act of 2008”; Republic Act No. 11361, or the “Anti-Obstruction of Power lines Act”; and other applicable laws.

SECTION 20. Repealability and Non-Exclusivity Clause. – This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SECTION 21. Existing Powers. – Existing mandates, powers, functions, and privileges granted to electric cooperatives under existing laws, including Section 10 of RA No. 10532, otherwise known as the “National Electrification Administration Reform Act of 2013”, shall remain valid and effective, unless expressly repealed by succeeding laws.

SECTION 22. Separability Clause. – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 23. Repealing Clause. – All laws, decrees, orders, resolutions, instructions and rules and regulations or parts thereof, which are inconsistent herewith, are hereby deemed repealed or modified accordingly.

SECTION 24. Effectivity Clause. – This Act shall take effect fifteen (15) days from the date of its publication, in the Official Gazette or in any newspaper of general circulation in the Philippines.

Approved.